**CORPORATE PURCHASE CARDS OPERATING GUIDELINE**

*June 2019 council / administration*

**PARENT DOCUMENT:** Code of Conduct for Council Employees

|  |  |  |
| --- | --- | --- |
| **PURPOSE** |  | This Corporate Purchase Cards Operating Guideline is to provide guidance on when it is appropriate to use your Corporate Purchase Card. This Operating Guideline clarifies the roles and responsibilities of cardholders, authorisers and leaders, and outlines how the monitoring and review of transactions will be undertaken. This Operating Guideline also outlines what is deemed as a prohibited transaction. |
|  | | |
|  | | |
| **OPERATION** |  | **Objectives**  This Operating Guideline will ensure purchases made by a Corporate Purchase Card holder are incurred and managed in such a way as to deliver the following key objectives:   * Employees have clear guidance as to what constitutes an appropriate CoA expenditure; * The expense generates direct benefits (or is reasonably expected to contribute) to achieving Council objectives; * Cardholders and Authorisers are aware of their responsibilities; and * Cardholders and Authorisers are aware of prohibited use   **Application**  This Operating Guideline is applicable to all CoA employees who have or use a CoA Corporate Purchase Card.  **Approval Authority**  All corporate card purchases must be approved by the relevant Approval Authority at the end of the month.  **Approval Authority** refers to:   * An employee’s Associate Director; * A Director in the case of Associate Directors; * The CEO in the case of Directors; and * The Director Services in the case of the CEO.   **Professional Integrity, Accountability and Probity**  Integrity, Accountability and Probity in Accounts Payable is required for the expenditure of public funds. Elements to achieve this include:   * Adherence to accounting principles; * Adherence to Policy & Operating Guidelines; * Application of Internal Control mechanisms; and * Diligence in execution of procedures.   **Value**  An important consideration when assessing risk associated with the use of purchase cards is to take into account the value of the transactions being processed. Purchase cards are aimed at high volume, low value transactions in order to minimise purchase costs. This Operating Guideline prescribes monthly limits on the use of these cards as described below.  **Independent Review**  The major risk mitigation control in place for purchase card use is the independent review of the transactions. The purchase card system utilised by the organisation has reporting capabilities and its use is recommended to ensure proper post purchase reviews are in place. A regular review is also completed by Financial Accounting.  **Transaction Limits**  The monthly transaction limits for each purchase card is capped at $5,000 per month. The monthly transaction limit can be varied in special circumstances with approval by the Associate Director and prior arrangement with the system administrators. It is prohibited to split transactions over multiple cards. Such actions will be deemed as a breach of this Operating Guideline.  **Preferred Purchasing Methods**  Cardholders must consider the alternative purchasing methods available, such as purchase orders and purchase contracts before using a CoA purchase card.  **When is it Appropriate to Use a Purchase Card**  Purchase cards may be appropriate for purchasing in the following typical situations:   1. Smaller purchase amounts, typically below $2,000; 2. Invoices for approved goods or services requiring immediate or out-of-cycle payment, when payment has been authorised; 3. Where purchase orders: 4. are impossible or unworkable (such as internet purchases of approved goods or services); or 5. unreasonably impact operational efficiency or result in missed opportunity, for example, if a purchase orders would incur significant and unreasonable additional costs (either to Council or the supplier) relative to the cost of the goods or services being procured; 6. Where payment by purchase card has been formally authorised, such as emergency situations; and 7. For purchases that cannot be made in the office, such as work-related travel expenses generated while traveling, or field work expenses requiring payment in the field.   Cardholders operate with some discretion but must justify their purchasing decisions, including the purchasing method chosen. Cardholders should seek guidance or written instruction from their leader or their Finance Business Partner if there is any doubt.  **Certification**  A receipt is required for all purchases and a GST compliant invoice or tax receipt is required for all purchases in excess of AUD50. For overseas invoices it is acknowledged that a tax invoice may not be available and a receipt or invoice is sufficient. For online subscriptions/advertising such as Google and Facebook, an invoice isn’t always available. It is acceptable to attach the transaction report or equivalent spreadsheet that ties back to the amount charged. All receipts/invoices must be uploaded into Flexipurchase and the transaction approved within Flexipurchase by the approver. If a transaction is not approved by the deadline as advised by the Flexipurchase administrator, the statement will need to be printed and signed by the cardholder and approver. The approver should also print their name when signing.  **Allocation of Purchase Cards and Credit Limits**  Purchase cards are issued to cardholders according to the following rules:   1. Purchase cards are only provided to a limited number of employees within the organisation in positions where it can be demonstrated that there is a regular and ongoing business requirement to purchase specific goods or services. 2. An Authoriser cannot authorise the issue of their own purchase card. 3. The Chief Executive Officer must authorise the issue of every purchase card, except for their own. The issue of the Chief Executive Officer’s purchase card must be approved by the Lord Mayor. 4. The Chief Executive Officer is allocated a card, if they choose to hold one. 5. The credit limit for the Chief Executive Officer is determined by Council approval, including subsequent adjustments; 6. All statement reconciliations and credit limit top-ups for the Chief Executive Officer’s purchase card are reviewed by the Lord Mayor and authorised by the Director Services who is an Authoriser. 7. Councillors will not be issued with a purchase card. 8. The Lord Mayor may be issued with a purchase card if there are operational benefits to CoA of efficient purchasing. 9. Monthly credit limits will be set to the lowest amount required by the cardholder to conveniently execute their role, considering budget constraints and the alternative payment methods available. This is currently set at $5,000. 10. Where the operational benefits to organisation of a role holding a purchase card no longer outweigh the increase in risk of the extra card, the purchase card should be returned and cancelled.   **Top-Ups to Monthly Credit**  A cardholder may apply for a top-up to the monthly credit. An application can be made as a written request to an Authoriser, detailing the following:   1. the top-up amount requested (top-ups, if approved, will usually not be greater than 50% of the monthly credit limit); 2. the account balance and monthly credit limit; 3. reasons for exceeding monthly limit; and 4. forthcoming purchases expected and amounts to justify the need for a top-up.   Top-up applications are decided in accordance with the following procedure:   1. A top-up requires approval from **two** Authorisers:    1. the Chief Executive Officer is always an Authoriser for credit limit top-ups;    2. an Authoriser cannot authorise top-ups for their own purchase card;    3. top-ups of the Chief Executive Officer’s purchase card account are always reviewed by the Lord Mayor (who is not an Authoriser) **and** authorised by the Associate Director Finance and Procurement. 2. Authorisers review the cardholder’s purchasing and top-up history for adherence to this Operating Guideline and justification of purchases.     **Prohibited Use and Transactions**  A corporate purchase card must not be used:   * For Cash Advances / Withdrawals; * For personal expenses or private purchases. Any purchases that are made unintentionally must be reported immediately to the employee’s direct manager (in the case of the CEO to the Lord Mayor), and Payment Services. Reimbursement of the money spent is undertaken at the Customer Centre. A copy of this receipt must be attached to the purchase card statement; * To purchase information management assets such as phones, tablets, laptops, monitors, software or meeting room monitors without prior approval by the Associate Director Information Management; * To engage services of contractors where a WHS selection or induction process is required prior to purchase. These purchases shall be made by purchase order; * To purchase gift cards (unless pre-approved by Chief Executive Officer) * To purchase single use credit cards available from the Post Office or similar outlet; * In conjunction with any form of loyalty points program ie Flybuys, MyerOne. The cardholder is not to earn any personal points in conjunction with purchase card transactions); * Purchases must not be split into smaller transactions (ie multiple transactions or over multiple cards) to circumvent expenditure/transactional limits or financial delegations; * Purchases relating to catering for team meetings, celebrations, meetings at cafes or take away coffees, flowers or gifts and the like must be in accordance with organisation’s [Hospitality and Employee Expenses Operating Guideline ACC2019/75732](http://triminterface/viewtrimdoc.aspx?trimref=ACC2019/75732); * Any refunds for purchases made on a corporate purchase card must be refunded back to the purchase card account. Refunds must not be accepted in cash; * To pay finesof any nature. The cardholder must pay any fines that they incur. * To purchase alcohol – unless pre-approved by the Chief Executive Officer * For fuel purchases unless the cardholder is in an urgent situation when a fuel card is not available. Instead, fuel cards are the preferred method for refuelling work vehicles. Cardholders may apply for reimbursement of work-related fuel expenses, however must also provide sufficient supporting evidence that documents the trip, its length, and purpose. * Alternative Online Payment Methods and Storing Purchase Card Details - Use of CoA purchase cards on, or linking to, alternative online payment methods and e-commerce payment systems or accounts, such as PayPal, Google Wallet or Apple Wallet, or any system that records and stores purchase card details, is prohibited.   Where a payment for necessary goods or services can only be made through a payment/e-commerce system, and that system requires the storage of purchase card details or linking to a purchase card account, then the Chief Executive Officer may delegate one cardholder to set up and manage the online account. This Operational Guideline applies for the online account, as for the purchase card itself the online account is:   1. As only 1 card can be linked to these accounts, it is acknowledged that the card could be used by others for online subscriptions and advertising such as Google and Facebook. The cardholder is responsible for all purchases made on their card and they need to be comfortable that the online subscription/advertising is a valid CoA expense and that the appropriate approvals for the purchase are in place. 2. for work-related purchases only, in accordance with this Operational Guideline; 3. to be set up with the cardholder’s work email address and details and to be managed separately from any personal online payment/e-commerce accounts.   **Return of Cards**  Cardholders must return their purchase card to their manager if the cardholder is:   * + - 1. ceasing or terminating employment; or       2. moving to a role that doesn’t require a purchase card; or       3. taking extended leave from their role for a period exceeding 3 months; or       4. no longer requires a purchase card   **ROLES AND RESPONSIBILITIES**  The Associate Director, Finance and Procurement has overall responsibility for the maintenance, approval and support of documents relating to purchase cards.  Further, it is the responsibility of the Associate Director Finance and Procurement to minimise the potential of operational risk by maintaining best practices as detailed in the Operating Guideline, in particular adequate:   * segregation of duties; * documentation of procedures; * systems and controls; * efficiency of operation; and * definition of the roles, responsibilities and delegations of authority.   Each user of the system is expected to understand and adhere to operating guidelines, work instructions, processes and authority limits. In terms of purchasing within a Program, it remains the responsibility of the Associate Director to ensure compliance.  The Payment Services Team Leader’s role is to manage the day-to-day function of the purchase card system. Within this scope of activities are operating guidelines, work instructions, processes, authority limits and communication.  **Cardholder Responsibilities**  The cardholder is responsible, at all times, for the security and safeguarding of the card and all purchasing related documents. Their personal identification number (PIN) must be kept confidential at all times.  The cardholder:   * Will upon receipt of the purchase card immediately sign it; * Is permitted to use the purchase card only up to a limit of $5,000 per month except for individuals who have higher limits arranged by prior approval; * Will ensure that all transactions are authorised for payment allocated to the correct account number and a valid description of purchase is recorded in the FlexiPurchase System inline within the scheduled monthly due dates. The description needs to be clear (as this information could be made available under Freedom of Information); * Will ensure all paperwork/tax invoices/receipts are forwarded to their Leader to enable them to reconcile a credit card statement where the cardholder is on leave. If the cardholder is on continued leave exceeding 3 months the cardholder should notify Payment Services so the purchase card limit can be reset to zero during this absence. The cardholder will need to notify Payment Services upon their return and their purchase card limit will be reinstated to the amount that was set before they went on leave; * Will upload all receipts/invoices in Flexipurchase. If a receipt/invoice has been lost a Statutory Declaration needs to be completed and attached in Flexipurchase in place of the receipt/invoice. * May only use the purchase card to purchase or pay for goods or services necessary during their work for the benefit of the City of Adelaide and in accordance with relevant Policy & Operating Guidelines; * Will not, under any circumstance, permit use of the purchase card by another person. However, it is considered acceptable for Executive Assistants/Program Assistants to make purchases on behalf of the cardholder, (ie for travel – flights, accommodation etc) provided the purchase relates to the cardholder; * Is responsible for the card and all purchases at all times; * Is strictly prohibited from making cash withdrawals; * May make purchases by telephone or the internet with known suppliers, and via secure internet sites (as identified by https in the website address). Please note that http is not a secure site; * Will report a lost or stolen card immediately to the Card Supplier for its cancellation and notify Payment Services; * Will return the card if they cease to be an employee of the CoA or if called upon to do so; * Will return the card if changing roles and a purchase card is not required; * Will comply with the Corporate Purchase Card Operating Guideline (this document), failure to do so will result in the card being revoked; and * Will not mis-use the card. In the event that the card is mis-used, disciplinary procedures will occur in accordance with CoA Policy.   **Authoriser/Manager Responsibilities (for cardholders responsible to them)**  Authorisers/managers have a key role in the control of purchase cards, managing purchasing risk and maintaining compliance with this policy. Authorisers:   * May authorise or decline the issuing of purchase cards to a cardholder; * May authorise or decline applications for the top-up of funds to monthly credit limits; * May authorise or decline discretionary transactions, such as entertainment or gifts in accordance with this policy; * May or may not be allocated a purchase card; * Approve purchase card statements each month; * If allocated a purchase card, may not authorise own purchases, top-ups, or issuing of their own purchase card. Any purchase that an Approver requests a cardholder make on their behalf must have the appropriate delegation of authority and approval before the purchase is made. For example, if an Associate Director requests an Executive Assistant (EA)/Program Administration Assistant (PAA) book travel on their behalf, the Corporate Travel Application Form must be approved by the appropriate Director prior to the booking being made.   **FlexiPurchase Deadlines**  Cardholders need to ensure that all receipts/invoices are uploaded into FlexiPurhcase throughout the month. Coding of transactions should be done throughout the month and must be completed prior to 10am on Working Day 2.  Approvers need to ensure that all expenditure in FlexiPurchase is approved throughout the month. All transactions should be completed by Midday Working Day 2 before the Visa journal is loaded into Tech One  Please note that approvals can still be completed after this deadline but if there are any changes to budget lines, a journal will need to be entered.  If there are any transactions that have not been approved, the Statement should be printed and signed by the Cardholder and Approver. The name of the Approver should also be printed on the Statement after signing.  **Special Review**  Any purchase that an Associate Director/Director requests their PAA/EA make on the PAA’s/EA’s card on their behalf will require the approval from the Associate Director Finance and Procurement for the purchase. This is only required if outside of additional approvals. For eg, this would not be required for travel as the appropriate Travel Approval would be in place.  **Special Review (CEO)**  If the CEO has a card, the Director Services will be responsible for the review of the CEO’s monthly transaction reports, including authorisation and retention for audit purposes.  **System Administration**  The purchase card system is administered within Financial Accounting. This includes card management, user management, training, procedures, end of month routines and reporting. The principal responsible officer is the Accounts Payable Officer.    **Record Keeping**  The CEO, Directors and Associate Directors are responsible for ensuring that all records of transactions are retained and filed appropriately as per the Corporate Purchase Cards Operating Guideline, i.e. a HPRM Record maintained with Central Records. Adherence to this should be included as part of the review process. Evidence of the monthly review must be retained for audit purposes.  **Hospitality & Entertainment Purchases**  Hospitality or entertainment payments which are charged on the corporate purchase card must comply with the relevant policies for this type of expenditure. These transactions MUST include narrative text which includes the number of internal staff, number of external people and the reason for the function.  Meetings between staff only in coffee shops/cafes WILL NOT be funded by Council. These are legitimate expenses only when an external client/stakeholder is present. In this case the nature of the business discussed must be recorded with the expense claim along with the number of internal staff and external people.  Eg, 1 internal staff (include names) & 3 external (include names) Physical Activity Stakeholder Meeting (list the reason for the meeting and if it was breakfast, lunch etc)  **MONITORING AND REVIEW**  **Control of Purchase Cards**  **Risk Management Strategy**  An essential component in the use of corporate purchase cards is an assessment of the risk.  Issues to be considered are:   * Value of the transaction; and * Independent review of the transactions (see below).   It is the joint responsibility of the cardholder and their leader to ensure appropriate checks are in place to ensure risks are appropriately managed.  Each active purchase card represents a risk of accidental or intentional misuse of public funds and each credit limit amount is the extent of that risk. To minimise risks associated with purchase cards, Council must:   1. Maintain a listing of all cards issued and their combined purchasing potential (or credit limit) at any one time; 2. Only issue cards to organisational roles where the operational benefits of efficient purchasing outweigh the increase in risk; 3. Limit the credit available on each card to the minimum needed to facilitate efficient purchasing, considering the alternative payment options available; and 4. Ensure cardholders and authorisers adhere to the procedures and responsibilities set out by the guideline. 5. Where possible include additional restrictions on purchases through the purchase card facility.   **Breach of Policy or Misuse**  Employees issued with a purchase card are placed in a position of trust. Intentional misuse of a purchase card is a breach of trust, intentional or otherwise, which may expose CoA to financial or reputational risks. Intentional misuse may lead to:   * Revocation of the purchase card issued to the employee; * Disciplinary action in accordance with the Employee Code of Conduct, and CoA policy; and * Independent investigation to determine if repayment of the expense is required by the employee.   Any fraudulent use detected must be immediately reported to the Chief Executive Officer for referral to the appropriate agency.  **Indicators of Effectiveness**  It is the responsibility of the Associate Director Finance and Procurement through the Manager, Financial Accounting to ensure that appropriate measures and indicators are in place to monitor the effectiveness of the purchase card process throughout the organisation. Specifically, the following are to be addressed:   * Monitoring of compliance with accounting principles; * Monitoring of adherence to operating guidelines; * Monitoring of diligence in execution of procedures; and * Implementation of audit recommendations.   **Reporting**  All serious breaches or non-adherence to the Operating Guidelines will be reported to the Executive Leadership Team as soon as practicable after the breach has been discovered. A serious breach is defined as one that leaves the organisation open to a risk rating of High in terms of likelihood or consequence as defined by the [Organisation’s Risk Rating Table ACC2010/36584.](http://triminterface/viewtrimdoc.aspx?trimref=ACC2010/36584)  If any employee is aware of any mis-use they must immediately report it to the Associate Director Finance and Procurement.  **Internal Audit**  Financial Accounting will conduct regular audits to ensure correct coding and adherence to the operating guidelines.  **Review**  It is the responsibility of the Associate Director Finance and Procurement through the Manager, Financial Accounting to ensure that this Operating Guideline and the purchase card procedures, meet the objectives of the organisation to:   * Adhere to Accounting Principles; * Appropriately manage risk; * Promote efficient accounts payable practices and continuous improvement; and * Ensure CoA’s accounts payable activities are in accordance with its legislative and common law responsibilities.   All aspects of the purchase card process will be subject to scheduled regular audits and a continual review of operating guidelines and procedures.  **Reporting & Monitoring Purchase Card Usage**  Internal audits provide management with important insight into purchase card usage and associated effectiveness of controls.  The Financial Accounting team will conduct periodic random sample audits to ensure compliance with the policy and procedure, identify any abnormal trends, ensure that redundant cards are cancelled in a timely manner to avoid loss and/or misuse of cards and regularly monitor outstanding transactions to identify and follow up on long outstanding un-acquitted transactions.  The types and amount of expenditure incurred by each cardholder will be maintained and published on the council’s web site half yearly, under Freedom of Information. These reports should be maintained on the website for a period of four years. CoA will not provide historical reports on its website of purchase card use prior to the implementation of this Operational Guideline. |
|  | | |
|  | | |
| **OTHER USEFUL DOCUMENTS** |  | **Related documents**   * [Hospitality and Employee Expenses Operating Guideline ACC2019/75732](http://triminterface/viewtrimdoc.aspx?trimref=ACC2019/75732) * [City of Adelaide Code of Conduct ACC2018/63555](http://triminterface/viewtrimdoc.aspx?trimref=ACC2018/63555) * [ICAC Directions and Guidelines](https://icac.sa.gov.au/directions-guidelines) * [Corporate Travel Operating Guideline ACC2019/28810](http://triminterface/viewtrimdoc.aspx?trimref=ACC2019/28810) * [Procurement Policy ACC2016/179390](http://triminterface/viewtrimdoc.aspx?trimref=ACC2016/179390) * [Procurement and Contract Approvals Guideline ACC2017/128239](http://triminterface/viewtrimdoc.aspx?trimref=ACC2017/128239) * [Procure to Pay Operating Guideline ACC2014/192870](http://triminterface/viewtrimdoc.aspx?trimref=ACC2014/192870) * [Purchase and Management of IT Equipment, Software and Services Operating Guideline ACC2003/3530](http://triminterface/viewtrimdoc.aspx?trimref=ACC2003/3530)   **Relevant legislation**   * Local Government Act SA 1999 * Local Government (General) (Employee Code of Conduct) Variation Regulations 2018 * Local Government (General) Regulations 2013 * Independent Commissioner Against Corruption Act 2012 |
|  | | |
|  | | |
| **GLOSSARY** |  | Throughout this document, the below terms have been used and are defined as:  **Employee** is any person who is in either on an employment contract with CoA which includes, subsidiary staff, volunteers, along with temporary labour and consultants working in the Council.  **Cardholder** refers to the person whose name is on the Corporate Purchase Card and is responsible for all purchases made on that card.  **Hospitality** is any food, drink (alcoholic and non-alcoholic), gift or object.  **GST Compliant Invoice** is a document that must include enough information to clearly determine the following details:   * That the document is intended to be a tax invoice. * The seller’s identity * The seller’s Australian business number (ABN) * The date the invoice was issued * A brief description of the items sold, including the quantity (if applicable) and the price. * The GST amount (if any) payable – this can be shown separately, or if the GST amount is exactly one-eleventh of the total price as a statement such as ‘Total prices includes GST’. * The extent to which each sale on the invoice includes GST.   **Credit Limit** refers to the amount of credit available each month. |
|  | | |
|  | | |
| **ADMINISTRATIVE** |  | As part of Council’s commitment to deliver the City of Adelaide Strategic Plan, services to the community and the provision of transparent information, all policy documents are reviewed as per legislative requirements or when there is no such provision a risk assessment approach is taken to guide the review timeframe.  This Policy document will be reviewed every2year unless legislative or operational change occurs beforehand. The next review is required in April 2021**.**  **Review history:**   |  |  |  |  | | --- | --- | --- | --- | | Trim Reference | Authorising Body | Date/ Decision ID | Description of Edits | | *ACC2007/9229*  *(Superseded)* | *Not Recorded* | *29/08/2014* | *Minor Updates* | | *ACC2007/9229 (Superseded)* | *Associate Director Finance and Business* | *23/05/2017* | *Minor updates* | | *ACC2007/9229 (Superseded)* | *Payment Services Team Leader* | *3/01/2018* | *Formatting Updates* | | *ACC2019/75722* | *Associate Director Finance and Procurement* | *1/06/2019* | *Major Updates Incorporating LGA Recommendations* |   **Contact:**  For further information contact the Finance Program.  City of Adelaide  25 Pirie Street, Adelaide, SA  GPO Box 2252 ADELAIDE SA 5001  +61 8 8203 7203  city@cityofadelaide.com.au |
|  |  |  |